Shona Batge
Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services.

Dear Shona,

I wish to make some comments/suggestions in regards to Financial Services Guides (FSGs) and Product Disclosure Statements (PDSs) in light of the Opes Prime disaster.

I had a Margin Lending facility with Leveraged Equities in which I purchased and sold stock in the ASX300 list through the online share brokerage services of Trader Dealer (owned by Opes Prime).

The Opes Prime Stockbroking FSG and the Trader Dealer website advertised that Opes Prime offered (amongst other products) "**Margin Lending** on equities through Leveraged Equities **and** Opes Prime Stockbroking Ltd." On investigating the Loan to Value Ratios (LVRs) being offered by Opes Prime I noticed they were commonly 5% to 10% higher than those offered by Leveraged Equities for the same stocks in which I was investing, so I transferred my holdings from the Leveraged Equities facility to Opes Prime figuring the extra LVR would give me a greater buffer from margin calls during market corrections/downturns.

I had read through the fine print of Opes Prime's lending facility terms at the back of their FSG before signing up, and although I found it to be quite complicated in parts I had not noticed anything particularly untoward. I now however realise that I had quite obviously not understood some critical parts of this agreement.

Aside from the fine print at the back of Opes Prime's FSG, I feel the FSG was extremely lacking in details and highly generalised. For example, there was absolutely no mention whatsoever about the Australian Master Securities Lending Agreement (AMSLA) at the rear of this FSG that we were all unwittingly signing, whilst thinking it was a fairly standard margin lending agreement instead.

I also received a PDS from Opes Prime, for ASX traded Exchange Traded Options. However I did not receive any PDSs from Opes about margin loans or AMSLAs and can not understand for the life of me why this would not have been an ASIC requirement, especially for something so new and different as AMSLAs and with such drastic consequences when things go wrong!

For my investment portfolio I had looked into using Contracts For Difference (CFDs) for their high LVR and hence the large buffer they would provide from margin calls to a modestly geared portfolio during market downturns. However after reading a PDS for CFDs from one of the companies offering CFDs I decided they posed a highly unacceptably risky way for holding my equity investments, as the assets of my portfolio would be at risk if the CFD provider folded. I had read the PDSs from a few CFD providers and only one of these PDSs pointed this out, but in a very round about way.

I really think there is huge room for improvement in the requirements for FSGs and PDSs, and the spelling out of all possible risks (with examples) in the PDSs; especially considering the number of people taking responsibility for their own retirement funding nowadays through self managed superfunds, etc. In the case of Opes Prime's lack of a PDS for AMSLAs, I feel it has cost many hundreds of people their life's savings.

Kind regards